

Message Text

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SUBJECT: IMPACT OF ENERGY SITUATION ON 1974 ECONOMIC

PROSPECTS: TRAVEL USA AND US EXPORTS

REF: STATE 002951

1. WE HAVE BEEN REPORTING ON IMPACT OF ENERGY SITUATION ON DUTCH ECONOMY AS PERTINENT DATA AND OFFICIAL STATEMENTS HAVE EMERGED, AND WILL CONTINUE TO DO SO. HAGUE 5563, HAGUE 0097, HAGUE A-238 AND HAGUE A-001 (1/4/74) ARE AMONG RECENT MESSAGES IN THIS SERIES. AS NOTED IN A-001 THOROUGH-GOING OFFICIAL REAPPRAISAL IS NOT EXPECTED FROM GON UNTIL MARCH. IN MEANTIME WE WILL HIGHLIGHT SPECIFIC PROBLEM AREAS AS TRENDS BECOME EVIDENT. THIS MESSAGE FOCUSES BRIEFLY ON APPARENT DAMAGE TO OUR TRAVEL USA AND EXPORT PROMOTION PROGRAMS.

2. TRAVEL USA: CONGENS IN BOTH AMSTERDAM AND ROTTERDAM REPORT SHARP DROPS IN VISITOR VISA APPLICATIONS SINCE MID-NOVEMBER. IN AMSTERDAM, FOR EXAMPLE, VISA ISSUANCES IN OCTOBER WERE 30 PERCENT ABOVE OCT 1972, OR MORE THAN AVERAGE INCREASE FOR UNCLASSIFIED

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WHOLE YEAR UP TO THAT TIME. IN NOVEMBER, HOWEVER, RISE WAS

ONLY 1 PERCENT AND IN DECEMBER THERE WAS 30 PERCENT DECLINE FROM SAME 1972 MONTH. PATTERN IN ROTTERDAM WAS SIMILAR. AS FAR AS WE CAN JUDGE, REDUCED INTEREST IN TRAVEL TO US (WHICH MAY BE PURELY TEMPORARY) IS DUE PRIMARILY TO JOB AND INCOME UNCERTAINTIES ARISING FROM ENERGY CRISIS. STRONGER DOLLAR, RECENT INCREASES IN TRANSATLANTIC AIR FARES, AND FEAR OF DIFFICULTY IN INTERNAL US TRAVEL DUE TO FUEL SHORTAGE MAY BE CONTRIBUTING FACTORS. ON THE OTHER HAND, OUR RECENTLY FORMED VISIT USA COMMITTEE (WHICH CONSISTS OF US TRAVEL COMPANIES, KLM, AND EMBASSY REP) REMAINS BULLISH ON 1974 PROSPECTS AND IS INVESTING IN ADDITIONAL WORKSHOPS WITH TRAVEL AGENTS. ALSO, OUR WOMEN VOLUNTEERS WHO ANSWER RETAIL TRAVEL INQUIRIES ABOUT US SAY THEIR VOLUME HAS NEVER BEEN HIGHER. IT IS THUS TOO EARLY TO ASSERT THAT 1974 WILL BE DISAPPOINTING YEAR FOR TRAVEL CAMPAIGN.

3. EXPORT PROMOTION: STRONGER DOLLAR AND GENERAL ATMOSPHERE OF UNCERTAINTY IN MANY INDUSTRIAL SECTORS (CARS, PETROCHEMICALS, AIRLINES, CIVIL ENGINEERING, ARTIFICIAL FIBERS, METAL-SMELTING, ETC) HAVE ALREADY PERCEPTIBLY REDUCED END-USER INTEREST IN RELATED US EXPORT LINES. OUR AGRICULTURAL ATTACHE, IN PARTICULAR, HAS NOTED FALL-OFF IN INQUIRIES ABOUT FINISHED FOOD PRODUCTS WHICH HAD SHOWN PROMISE LAST SPRING WHEN DOLLAR WAS WEAK. WE FORESEE SOME OFFSETTING GAINS FROM HIGHER SALES OF COAL (IF AVAILABLE), OIL FIELD EQUIPMENT, MASS TRANSPORTATION EQUIPMENT, AND ULTIMATELY NUCLEAR POWER HARDWARE AND TECHNOLOGY, BUT INVESTMENT HESITATION AND TIGHT MONEY SUPPLY WILL PROBABLY NULLIFY SOME OF OUR 1973 GAINS IN MARKET POSITION. (WE MOVED FROM SEVENTH TO THIRD AMONG SUPPLIERS TO DUTCH MARKET IN FIRST NINE MONTHS OF 1973 THANKS LARGELY TO HIGHER OIL SEED AND GRAIN PRICES).
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